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CLAIRE HOUSE

ST. MARY PARISH

STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Independent Auditors' Report on Compliance and on Internal
Control over Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards

and

Independent Auditors' Report on Compliance with
Requirements Applicable to Each Major Program
and Internal Control over Compliance in
Accordance with **OMB Circular - 133**

For the Year Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 06 2000

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FINANCIAL INFORMATION SECTION

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Claire House
St. Mary Parish, Louisiana
1101 Southeast Blvd
Morgan City, LA 70380

We have audited the accompanying financial statements of Claire House, a component unit of the St. Mary Parish Council, as of and for the year ended June 30, 2000 as listed in the table of contents. These financial statements are the responsibility of Claire House's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Claire House as of June 30, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 30, 2000 on our consideration of Claire House's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the accompanying financial statements of Claire House, taken as a whole. The accompanying schedules of expenditures of federal awards and insurance in force is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the accompanying financial statements. Such information, except for that portion marked "unaudited" has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and in our opinion is fairly stated, in all material aspects, in relation to the accompanying financial statements taken as a whole.



ADAMS & JOHNSON
Certified Public Accountants

Patterson, Louisiana
October 30, 2000

CLAIRE HOUSE
ST. MARY PARISH, LOUISIANA

Combined Balance Sheet-All Fund Types and Account Groups
June 30, 2000

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	
	<u>General</u> <u>Fund</u>	<u>General</u> <u>Fixed Assets</u>	<u>Total</u> <u>(Memorandum Only)</u>
<u>ASSETS</u>			
Cash	\$ 200	\$ -	\$ 200
Due from State of Louisiana	45,841	-	45,841
Vehicles	-	33,109	33,109
Furniture	-	23,626	23,626
Equipment	-	56,644	56,644
	<hr/>		
Total Assets	<u>\$ 46,041</u>	<u>\$ 113,379</u>	<u>\$ 159,420</u>
 <u>LIABILITIES, EQUITY AND</u> <u>OTHER CREDITS</u>			
Liabilities:			
Due to St. Mary Parish Council	\$ 46,184	\$ -	\$ 46,184
	<hr/>		
Total Liabilities	\$ 46,184	\$ -	\$ 46,184
 Equity and other credits:			
Investment in general fixed assets	-	113,379	113,379
Fund balance (deficit)			
Unreserved, undesignated	(143)	-	(143)
Total Equity and Other Credits	<u>\$ 46,041</u>	<u>\$ 113,379</u>	<u>\$ 159,420</u>

The accompanying notes are an integral part of these financial statements.

CLAIRE HOUSE
ST. MARY PARISH, LOUISIANA

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
General Fund (The Entity's Only Governmental Fund Type)
For the Year Ended
June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues			
Federal grant	\$ 816,234	\$ 724,700	\$ (91,534)
Total revenues	\$ 816,234	\$ 724,700	\$ (91,534)
Expenditures			
Health and welfare			
Personal services	\$ 386,713	\$ 360,799	\$ 25,914
Employee benefits	95,877	80,555	15,322
Travel	13,240	3,304	9,936
Operating services	111,136	111,358	(222)
Supplies	63,347	33,814	29,533
Professional services	145,921	134,990	10,931
Total expenditures	\$ 816,234	\$ 724,820	\$ 91,414
Excess revenues over expenditure	\$ -	\$ (120)	\$ (120)
Fund balance at beginning of year	-	(23)	(23)
Fund balance (deficit) at end of year	\$ -	\$ (143)	\$ (143)

The accompanying notes are an integral part of these financial statements.

CLAIRE HOUSE
ST. MARY PARISH, LOUISIANA

Notes to the Financial Statements
June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In January of 1995, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of a long-term residential treatment facility for chemically addicted women and their children. The operations began on October 1, 1995 when they entered into an agreement with the State of Louisiana Department of Health and Hospitals to operate the Claire House Treatment Facility.

The financial statements of the Claire House have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The *more significant of the Claire House's accounting policies are described below.*

A) REPORTING ENTITY

GASB Statement No. 14 Governmental Reporting Entity established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Claire House is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2000. The Claire House has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity. These financial statements include only the operations of the Claire House.

B) FUND ACCOUNTING

The accounts of the Claire House are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

The Claire House's current operations require only the use of one fund, the general fund, and one account group, the general fixed assets account group.

Governmental Fund

General Fund - The General Fund (Special Revenue Fund at the Parish oversight level) is the primary operating fund of the Claire House, since at the current time no other funds are required.

Governmental Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets can be stated at historical cost or estimated historical cost if actual historical cost is not available. All fixed assets presented on the balance sheet as of June 30, 2000 are reflected at historical cost. Repairs and maintenance are recorded as expenditures, renewals and betterments are capitalized.

C) BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual.

The Claire House's major source of revenue is an operating grant which is recorded as revenue when the related grant requirements are met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) BUDGET

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted each year for the General Fund. Budgeted amounts are presented as originally adopted or as amended.

E) ENCUMBRANCE ACCOUNTING

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. No encumbrances were outstanding at June 30, 2000.

F) ACCUMULATED VACATION, COMPENSATORY TIME AND SICK LEAVE

Accumulated vacation, compensatory time and sick leave are recorded as an expenditure of the period in which incurred. For the year ended June 30, 2000, the Claire House did not have a provision for this potential liability because the amount was immaterial.

G) MEMORANDUM ONLY - TOTAL COLUMNS

The total column on the balance sheet is captioned Memorandum Only to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation.

NOTE 2 - DUE FROM STATE OF LOUISIANA

The Claire House incurred expenditures for the program in June totaling \$45,841 which are due from the State according to the grant agreement and had not been reimbursed as of June 30, 2000.

NOTE 3 - DUE TO PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Claire House's expenses out of the Parish Council's checking account. The amount due to the Parish Council is a result of the excess of Claire House's disbursements over deposits by \$46,184 as of June 30, 2000.

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets for the period ended June 30, 2000, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Vehicles	\$ 33,109	\$ ----	\$ ----	\$ 33,109
Furniture	23,626	----	----	23,626
Equipment	<u>56,644</u>	<u>----</u>	<u>----</u>	<u>56,644</u>
Total	<u>\$113,379</u>	<u>\$ ----</u>	<u>----</u>	<u>\$113,379</u>

NOTE 5 - PENSION PLAN

All full-time employees of the Claire House are members of the Parochial Employees Retirement Systems of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of Claire House are members of Plan A.

All permanent employees working at least 28 hours per week whom are paid wholly or in part from Claire House funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

NOTE 5 - PENSION PLAN (Continued)

Covered employees are required by the State Legislature to contribute 9.50% of their gross salary to the plan. The Claire House was required by the same statute to contribute 7.75% in 1999 and 7.75% in 2000 of each employee's gross salary to the plan. The contribution requirements of plan members and the Claire House are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Claire House's contributions to the system was \$ 27,739 for the year ended June 30, 2000.

NOTE 6 - RELATED PARTIES

The Claire House's operations are housed in a building owned by St. Mary Parish Hospital Service District No. 3 and this District is a component unit of the St. Mary Parish Council as is the Claire House, therefore, all three are related parties. The Claire House paid the district rent of \$53,336 for the year end June 30, 2000. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing. This agreement shall be subject to termination if the council shall cease to operate the Claire House, or if the funds to continue its operations are not provided by the federal grant.

As described in Note 3, the Claire House owes the Council for the Claire House's disbursements out of the council's checking account in excess of the receipts made for the benefit of the Claire House in the amount of \$46,184.

NOTE 7 - ECONOMIC DEPENDENCE

Claire House currently receives 100% of its operating revenue through a demonstration grant program for operation of a residential treatment facility for chemically addicted women and their children. This original grant was for a five year period and is going to expire on September 30, 2001. Management is in the process of trying to obtain additional grant funds in an effort to continue the operations of Claire House.

NOTE 8 - DEFICIT FUND BALANCE

A deficit fund balance of \$143.00 exists in the general fund as a result of the Claire House not submitting \$143.00 on their cost report to be reimbursed by their grant. Their revenues are derived entirely by a cost reimbursement grant. The Claire House is a component unit of the St. Mary Parish Council and it is expected that the Council will transfer funds to cover this deficit.

CLAIRE HOUSE
ST. MARY PARISH, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

FEDERAL GRANTOR/ PASS THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	REVENUE RECOGNIZED	EXPENDITURES
---	----------------	-----------------------	--------------

U.S. Department of Health and Human
Services

Public Health Service
Louisiana Department of
Health and Hospitals
Office of Human Services
Divisions of Alcohol and
Drug Abuse

Demonstration grant program
for residential treatment for
women with children

93.102

\$ 724,700

\$ 724,700

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: This grant is a cost reimbursement grant. The purpose of this grant is to provide chemically addicted women with children, long-term residential substance abuse treatment .

CLAIRE HOUSE
ST. MARY PARISH, LOUISIANA

Schedule of Insurance in Force
For the Year Ended June 30, 2000

(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
LWCC	Worker's Compensation		
	By Each Accident	\$ 100,000	12-22-00
	By Disease Policy Limit	500,000	
	By Disease Each Employee	100,000	
Nutmeg Ins.	Vehicles		
	General Aggregate	\$1,000,000	12-13-00
	Each Occurrence	1,000,000	
	Fire	50,000	
Colony Ins.	General Liability		
	General Aggregate	\$1,000,000	03-31-01
	Each Occurrence	1,000,000	
	Fire	50,000	

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Claire House
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

We have audited the financial statements of Claire House, a component unit of the St. Mary Parish Council of Louisiana as of and for the year ended June 30, 2000, and have issued our report thereon dated October 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Claire House, a component unit of the St. Mary Parish Council, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Claire House's, a component unit of the St. Mary Parish Council, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Claire House, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, management and the federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
October 30, 2000

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Claire House
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

Compliance

We have audited the compliance of Claire House, a component unit of St. Mary Parish Council of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Claire House's major federal programs are identified in the accompanying schedule of federal financial assistance. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Claire House's management. Our responsibility is to express an opinion on Claire House's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about Claire House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Claire House's compliance with those requirements.

In our opinion, Claire House complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. The results of our auditing procedures did not disclose any instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 in a schedule of findings and questioned costs if any existed.

Internal Control Over Compliance

The management of Claire House is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Claire House's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Claire House, Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
October 30, 2000